GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4106
ANSWERED ON:18.08.2000
BAD DEBT OF IFCI
SURESH CHANDEL

Will the Minister of FINANCE be pleased to state:

(a) whether the Industrial Finance Corporation of India (IFCI) has failed to recover the principal amount as well as the interest due on it from the industrial houses and has been treating it as the bad debt;

(b) if so, the names of the industrial houses/companies whose amount has been treated as bad debt during each of the last five years, along with the details of such amount;

(c) the reasons for non-recovery of the amount; and

(d) the steps taken to avoid its recurrence in future?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) and (b) As reported by Industrial Finance Corporation of India Limited (IFCI Limited) the non-recovery of dues from the assisted concerns has resulted in Non-Performing Assets (NPAs) amounting to Rs. 4102.6 crores as on 31st March, 2000. However, in accordance with the practices and usages customary amongst public financial institutions and in conformity with the provisions of statutes governing public financial institutions as also the provisions of Public Financial Institutions (Obligation as to Fidelity and Secrecy) Act, 1983, further details relating to individual constituents cannot be divulged.

(c) and (d) According to IFCI Limited, slow-down in industrial growth, slack demandconditions, excess capacity in number of industries, technological obsolescence and loss of competitiveness are the major reasons for increase in NPAs. The steps initiated by IFCi Limited for reducing the level of NPAs inter-alia include : restructuring, one-timesettlement and legal action; reduction of maximum permissible exposure under prudential norms in respect of individual and group borrowers; limiting fresh financial sanctions to individuals borrowers upto Rs. 100 crore; limiting overall guarantee exposure to two times of IFCI`s net worth; effective monitoring and prevention of deterioration in asset quality.